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Handbook for Arts Organizations





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Handbook for Arts Organizations

*Grants for the Arts of the San Francisco
Hotel & Main Co.*

Prepared for:

Grants for the Arts
San Francisco, CA

1989

Prepared by:

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San Francisco, CA

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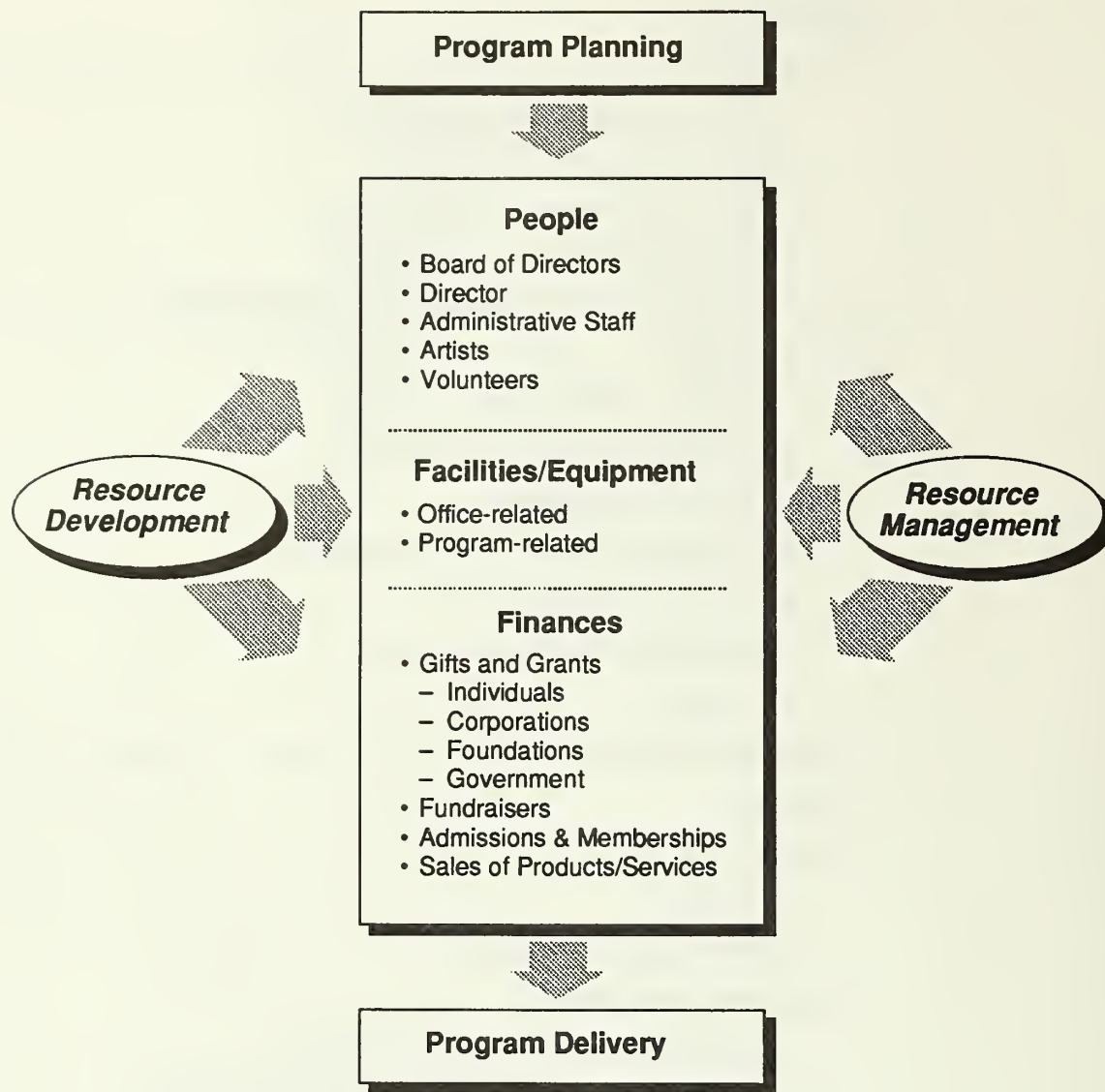
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INTRODUCTION

Arts organizations begin with a vision. They are formed by individuals or groups with creative ideas and the enthusiasm, energy and commitment to make those ideas become a reality.

In an economic environment where there is stiff competition for financial support and increasing demand for accountability, arts organizations must take a systematic approach to planning, to the development of resources necessary to support the organization, and to the management of available resources.

This brochure outlines some of the steps that arts groups may take to enhance their ability to succeed in today's environment. The material presented is by no means comprehensive, but provides a framework for planning and decision-making.

The first section discusses the planning process, from establishment of the organization's mission, goals and objectives to the development of an operating plan for the fiscal year. Section two provides some basic guidelines for the organization as it seeks to develop funding sources sufficient to support its programs, and identifies the types of systems and controls that should be put in place to ensure that the organization manages its finances effectively.

The final section focuses on various aspects of managing an event, from setting the date to evaluating the success of the event after-the-fact. The appendix outlines sample financial statements and provides listings of organizations that can be contacted for further information and assistance.

Arts organizations exist to provide creative programs and services to members of the community, and the energies of arts groups should be focused on these creative efforts. However, the application of basic management principles can support the creative process by ensuring that the organization develops and uses its resources wisely.

I. PLANNING

■ *Mission, Goals and Objectives*

- Why does our organization exist?
- What do we hope to accomplish?

■ *Organization and Leadership*

- Do we have a core group of people who are dedicated to the mission and goals of the organization and possess relevant experience and expertise?

■ *Program and Resource Planning*

- What programs do we want to sponsor?
- What resources do we need to support these programs?
- Are our goals realistic?

■ *Results of the Planning Process*

- What should we expect to accomplish in the course of the planning process?

■ Planning

Starting Point

Mission and Goals



Program Planning



**Identification of
Resource Needs**

- People
- Facilities/Equipment
- Finances



Realistic?

No



Results

- Annual Programming Plan
- Budget
- Resource Development Plan

PLANNING

■ *Mission, Goals and Objectives*

As a starting point, a new organization should develop a concise mission statement and formulate a set of basic goals and objectives. This doesn't need to be a long and involved process, especially in the beginning; a one- or two-page working document will suffice. However, it is crucial for the group to have a clear sense of purpose and direction, both to guide internal planning and decision making and to facilitate external communication and generation of support. Questions that should be addressed and answered include:

Mission

- What need or opportunity in the community does the organization plan to address?
- Who does the organization exist to serve?

Goals

- What types of activities does the organization plan to undertake to address the identified need or opportunity?
- What does the organization hope to accomplish as a result of its activities?

Objectives

- What specific accomplishments are expected for the next year?

■ *Organization and Leadership*

The organization must first develop an active and dedicated board or working committee to take overall responsibility for the organization's activities. Most arts groups depend on volunteers, both for leadership roles and for project implementation.

A Board of Directors should be selected to bring a variety of contacts and experiences to the organization. Board members' knowledge of the arts and the local community, as well as their expertise in the areas of planning and budgeting, fundraising, public relations, and financial accounting and management, are absolutely necessary to the success of the organization.

The group should take action early on to become incorporated as a non-profit, tax exempt organization at the local, state and federal levels. The IRS grants status 501(c)(3) to non-profit groups that are incorporated for charitable, educational or religious purposes. See the back of this brochure for some sources of further information on this topic. Prior to formal incorporation, the group may wish to seek out another non-profit organization to act as "fiscal agent" for any gifts and grants received by the group.

PLANNING

(continued)

■ *Program and Resource Planning*

Once a basic organizational framework has been established, the group can begin to assess programmatic alternatives and their associated costs, identify potentially available resources, and then develop a plan of action.

An arts organization has three major categories of resources: people, facilities/equipment, and finances. These resources are developed and managed to produce the programs and services provided by arts organizations.

Estimating the resources needed for desired programs and balancing these estimates against the resources that the organization can reasonably be expected to generate is a difficult process, especially the first time around. Keep the following recommendations in mind:

- **Seek out role models.** Identify and contact similar organizations in the community to discuss organizational and resource issues. They have the experience that you need, and many will be willing to help you.
- **Be realistic.** It is easy to “think too big, too fast” or attempt to grow very quickly, resulting in an unsuccessful program or a financial deficit from which the organization cannot recover. Initial plans should be on the conservative side.
- **Be thorough in estimating costs for each program.** The more accurate your estimates, the more realistic the resulting budget will be. Also, potential funders will expect the organization to be able to justify budget needs.
- **Be conservative in estimating income.** Even firmly established organizations with proven track records don’t assume continued support from all major contributors or sell-out crowds for all performances.
- **Be flexible.** Prioritize expenditures, beginning with what is absolutely necessary and then moving to what is desirable. Resource allocations may need to be adjusted later on if funding does not become available.

The program and resource planning process should be initiated at least three months before a fiscal year begins—before any substantial resource decisions (such as hiring staff or committing to a program) have been made. That way, key decisions can be made within the context of an approved plan.

PLANNING

(continued)

■ *Results of the Planning Process*

The expected results of the planning process are:

- A clear understanding and documentation of the organization's mission, goals and objectives.
- Establishment of the volunteer and/or staff leadership needed to guide the organization's activities.
- Informed decisions regarding the specific programs that will be undertaken for the year.
- A realistic and comprehensive budget for each program and the organization as a whole, along with documentation to justify budget needs.
- A thoughtful and comprehensive plan for developing the human and financial resources needed to support the organization's programs.

Finally, the organization should map out a timeline for program activity and identify specific points in time at which progress will be assessed and any necessary financial or programming adjustments made.

II. FUNDRAISING AND FINANCIAL MANAGEMENT

■ *Soliciting Contributions*

- What are our best potential sources of funding?

■ *Earned vs. Contributed Income*

- What proportion of our income should be earned through sales of products, programs or services?

■ *Financial Recordkeeping Systems*

- How should we keep track of our revenues and expenditures?

■ *Financial Reporting*

- What kinds of financial reports will we be expected to generate, and how often?

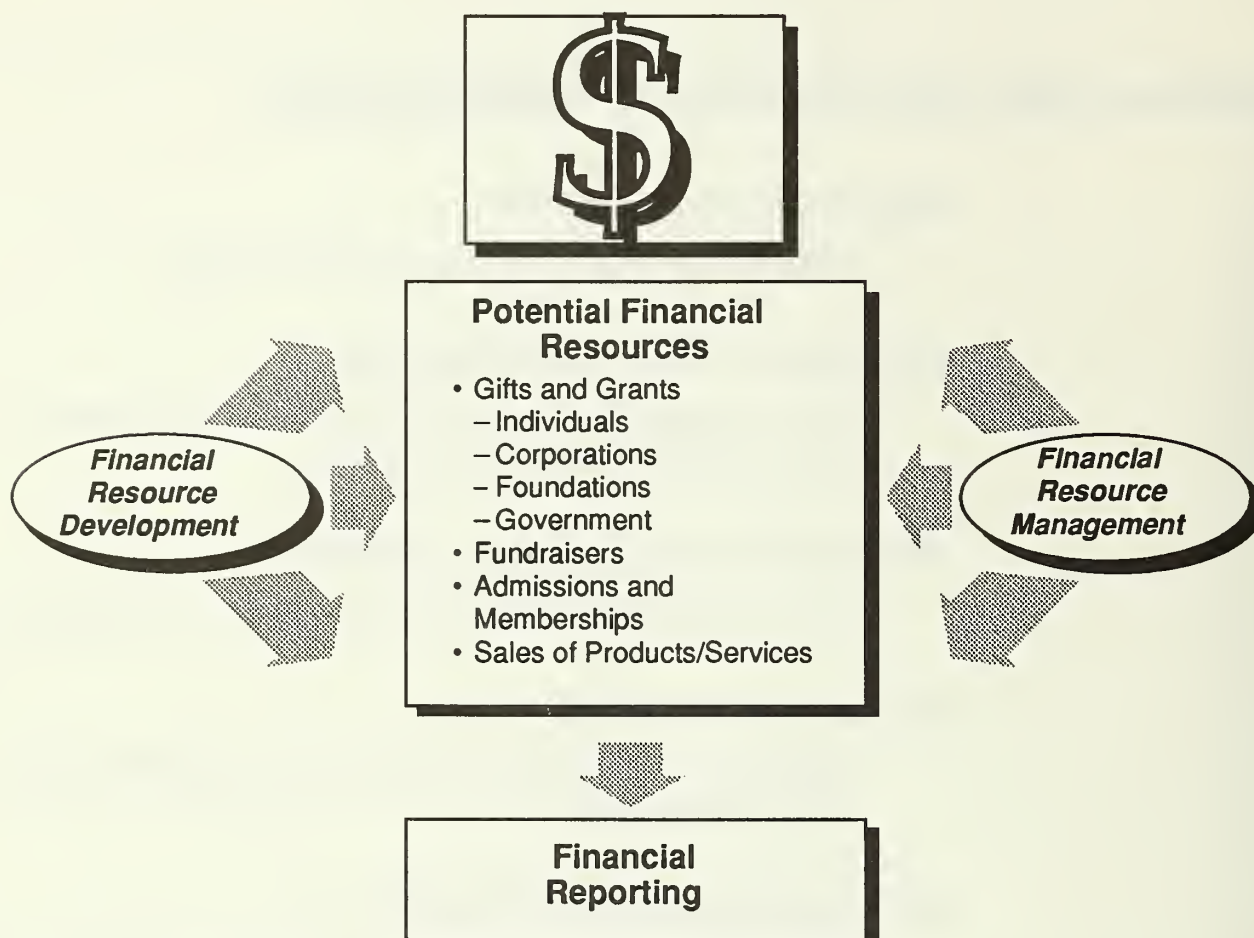
■ *Maintaining Financial Control*

- How can we monitor income and expenses to make sure that they balance at the end of the year?

■ *Cash Flow*

- How can we ensure that we have sufficient cash available to cover major bills as they come due?

■ Financial Resources



FUNDRAISING

With a thoughtful and thorough planning process in place, the organization is in a good position to begin seeking funds. The board must play the key role in this process: assessing all potential sources of income for the organization, coming up with strategies for resource development, and actively contributing and seeking funds for the organization.

The organization can raise funds in three primary ways:

- Solicitation of contributions from individual or institutional donors.
- Sponsorship of fundraisers such as raffles or special events.
- Generation of income through ticket sales, concessions, and business advertising in programs or flyers.

This section focuses on development of contributed income sources, while emphasizing the desirability of cultivating a broad and diverse base of support.

■ *Soliciting Contributions*

First, the board and staff must do some homework to identify potential donors. Some of the best sources for "seed funding" to get the organization started may be individuals or community groups that identify with the mission and goals of the organization. If the organization is successful in obtaining seed funding, it will be easier to approach other funders for support.

Other potential sources of support include corporations, foundations and government. These institutional donors make funding decisions more objectively, based on established criteria. For example, corporate giving may be based on the perceived value of the organization's programs to the corporation, its employees and the community at large.

New organizations that have not yet established a track record may have some difficulty obtaining funds from institutional sources. There are exceptions: the opportunity to be identified as primary sponsor of a new event or program may appeal to corporations that are active in the community, and some foundations do provide seed money for fledgling groups.

In the case of foundations and government funders, the organization should determine:

- Minimum eligibility requirements for applying.
- The type(s) of organizations that the funder traditionally supports, both in terms of programmatic emphasis and geographic location.

FUNDRAISING

(continued)

- How they expect funds to be used—for general operations, specific programs, capital acquisitions, reserve funds, etc.
- The size of grants awarded and the total amount of money available to be given away.
- Deadlines for application and the process followed for decision making. Foundations and governmental funders generally will require substantial periods of time to make funding decisions.

Addresses and phone numbers for major government funders—the National Endowment for the Arts, the California Arts Council, and San Francisco's Grants for the Arts—are provided in the back of this brochure. Extensive information regarding foundations, corporate philanthropy, and fundraising in general can be obtained from The Foundation Center in San Francisco, also listed in the back of the brochure.

The organization should allow at least three months to gather the information required for funding applications and should complete the forms in a concise and professional manner. Again, the more effort that has been put into the planning process, the easier it will be for the organization to prepare and present its "case" to the potential donor. These funders receive many requests for support; therefore, the organization must be able to provide a proposal that clearly substantiates the need for funding.

■ *Earned versus Contributed Income*

There is no formula for evaluating what proportion of the organization's income should be raised through contributions and how much should be earned through products, programs and services provided by the organization. These percentages are highly dependent on the nature of the organization's activities. However, **diversification is important**. Over time, every effort should be made to develop multiple funding sources and cultivate a broad base of support, in order to avoid overreliance on any one source of income.

FINANCIAL MANAGEMENT

A budget is invaluable as a planning tool. It also provides:

- A rational basis for day-to-day resource allocation decisions.
- A focused target for income generation efforts.
- A benchmark against which financial progress can be periodically measured and modifications made as necessary.
- A means to compare what was planned with what actually occurred, in order to improve future planning efforts.

However, a budget is only as useful as the financial management system that supports it. The organization must develop the capability to accurately record the sources and uses of funds flowing through the organization, project major cash flow needs, track the financial progress of the organization, and compare budgeted amounts with actual expenditures. Following is a basic discussion of financial management needs.

■ *Financial Recordkeeping Systems*

The kind of recordkeeping system needed is related to:

- The size and complexity of the organization's operations.
- The level and frequency of financial and program activity.
- The needs of various users of financial information—managers, the board, and financial contributors.

However simple or complicated, the system should be set up carefully in the beginning. Managers should maintain receipts or other documentation for all expenditures made, keep accurate records of all money received and of all goods and services donated to the organization, and be prepared to provide an accurate accounting of financial activity to the board and to external supporters.

Organizations should seek the assistance of a trained professional, preferably on a volunteer basis, to set up the accounting system. Access to a personal computer is highly desirable; if the software is selected carefully and the system set up with the needs of all users in mind, the computer facilitates accurate recordkeeping, reduces paperwork, and minimizes the effort needed to generate various financial reports.

One excellent resource for assistance in setting up an accounting system is Business Volunteers for the Arts, a San Francisco organization that matches business people with arts groups to complete specific projects. See the back of this brochure for more information.

FINANCIAL MANAGEMENT (continued)

■ *Financial Reporting*

Three major types of financial reports should be generated on a regular basis:

- **Internal analytical reports.** The director and other individuals who are directly responsible for carrying out programs should receive detailed weekly or monthly reports of budget activity in order to monitor expenditures and identify any major variances from the budget.
- **Internal management reports.** The director and the board should receive monthly or quarterly reports that summarize financial activity and address areas of major concern to management, such as: the availability of cash to cover expenditures, the generation of sufficient income to cover budget needs, and the efficient use of available resources.
- **Summary financial statements.** Certain basic financial statements must be prepared annually for top-level internal and external reporting purposes:

The Balance Sheet reflects the financial position of the organization — its assets, liabilities, and fund balances— at a point in time, usually the end of the fiscal year.

The Statement of Activity shows the activity of each major income and expense account over a given period of time, usually the fiscal year. Also, it normally includes a reconciliation between the beginning and ending fund balances, in order to tie in with the balance sheet.

Sample formats for basic financial reports are provided in Appendices A-D. It is also desirable to prepare **Notes to the Basic Financial Statements**, providing additional details that may be useful to readers in understanding the financial position of the organization and the results of its operations.

Basic financial reports may need to be reformatted to comply with reporting requirements of external funders. However, if external reporting needs are taken into account when designing the accounting system, preparation time can be reduced. Finally, organizations may decide to undergo an annual audit, either because it is recommended or required as a condition of donor support or because the organization wishes to have its finances reviewed by an independent source. An audit can be very beneficial to the organization. Do some research; accounting firms often provide services to non-profit organizations at reduced rates.

FINANCIAL MANAGEMENT (continued)

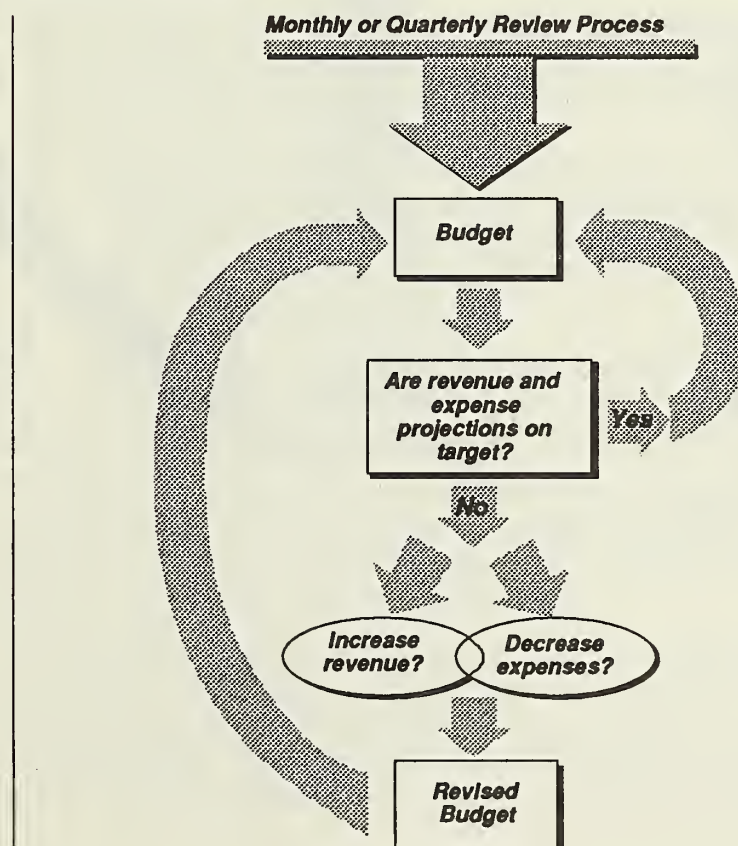
■ **Maintaining Financial Control**

An organization's income must cover its expenses, or it will soon be "out of business." At certain points during the fiscal year, at least quarterly and preferably monthly, managers should address the following questions:

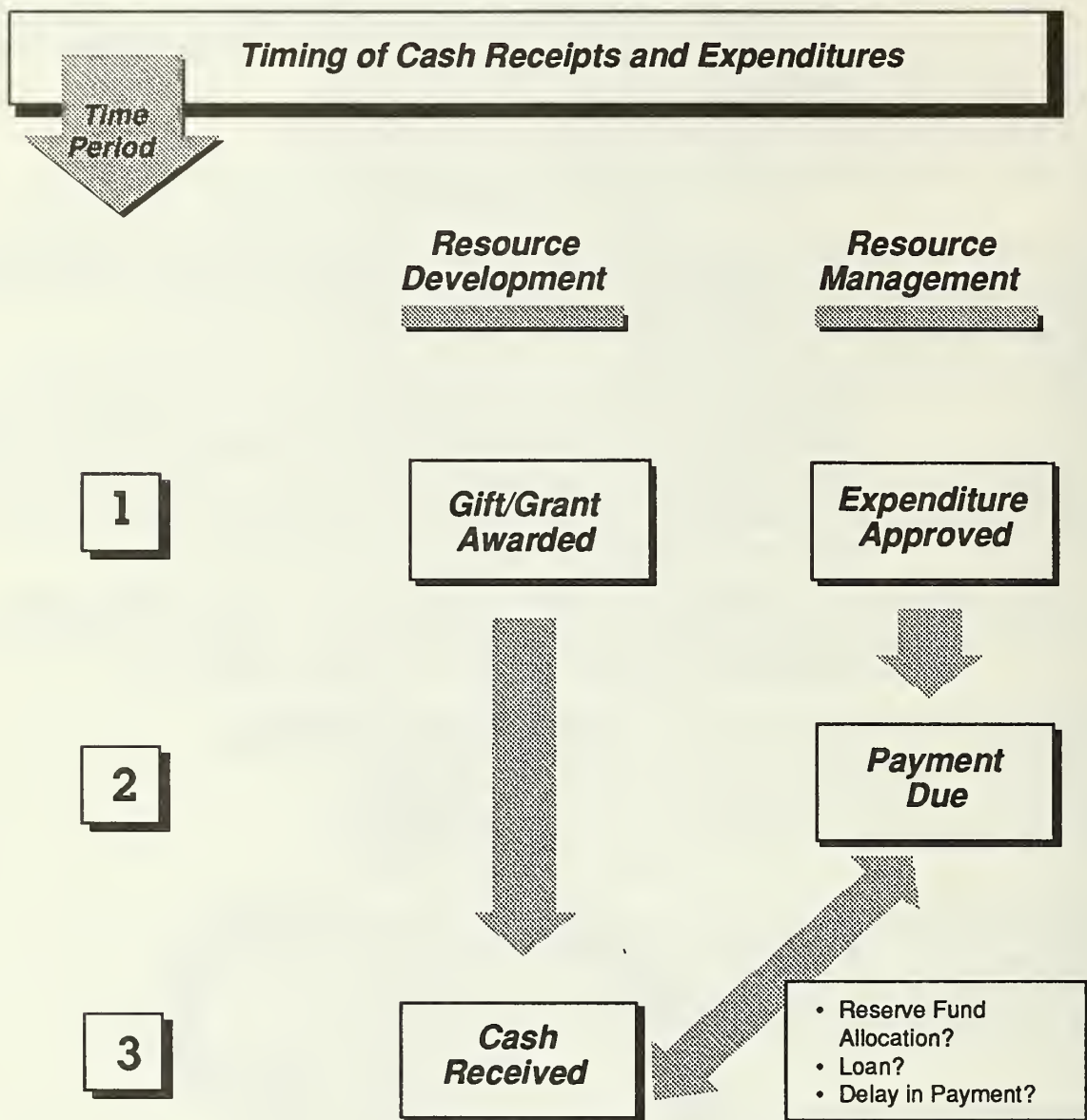
- Are revenue projections unrealistic?
- Will expenses be greater than anticipated? If so, then:
- Are additional sources of revenue possible—raising fees, exerting extra efforts on existing fundraising activities, initiating new fundraising activities, providing new services?
- Can expenditures be reduced by cutting certain costs?

If expenses are projected to exceed revenues and additional sources of revenue cannot be identified some difficult decisions must be made regarding the organization's level of program activity. Too often, revenue shortfalls or cost overruns are identified very late in the fiscal year, resulting in a financial crisis for the organization.

Frequent preparation of internal financial reports will provide managers, the director and the board with sufficient information to identify and take timely action on potential problems.



Cash Flow



FINANCIAL MANAGEMENT (continued)

■ Cash Flow

Cash flow difficulties are inevitable for most arts organizations—the trick is to anticipate them. Even if the organization is successful at raising the necessary funds, there is a good chance that major expenditures will need to be made before cash contributions have actually been received. Many grant monies—including those awarded by Grants for the Arts—are handled on a reimbursement basis, whereby funds are not released until the organization submits expenditure receipts. And for organizations relying on ticket sales, a major portion of their revenue is not received until the week of the event.

Over time, the organization should build up a reserve fund to cover expenditures during times of cash flow difficulties. However, in the short-run the organization has limited alternatives and must begin planning well in advance to secure credit sources.

It is generally difficult for most arts groups to obtain loan funds through traditional channels. In the Bay Area, one alternative is the Arts Loan Fund operated by Northern California Grantmakers, an association of funders. They provide short-term assistance to Bay Area arts organizations that are experiencing cash flow difficulties. The loans generally must be secured by a current government contract, a grant, or other guaranteed income. The Arts Loan Fund operates four related programs:

- A short-term, no-interest secured loan program.
- A short-term, low-interest secured loan program in conjunction with Wells Fargo Bank.
- A short-term, low-interest loan program for income-generating benefits/performances. These loans are secured against box office returns or fundraising events, and are available to established organizations with successful track records for putting on such events.
- A cash reserve/credit line program. This program assists arts organizations with proven track records to be more self-reliant by helping them to establish their own cash reserves.

No-interest and low-interest secured loans are approved for up to \$20,000, while the limit for income-generating benefit/performance loans is \$10,000. The address and phone number of the Arts Loan Fund are provided in the back of this brochure.

Accumulating a reserve fund will increase the financial stability and self-reliance of the organization. Setting aside monies for this purpose requires a strong commitment on the part of the board and director. Certain funders, such as the Hewlett Foundation, are now making grants specifically aimed at building the reserve funds of grantees.

III. ORGANIZING AN EVENT

■ *Planning*

- Why are we planning this event?
- What human and financial resources do we need to put on the event?

■ *Production: First Steps*

- What are the first things we need to do?

■ *Production: Basic Needs*

- How can we identify and make arrangements for equipment and staffing needs?

■ *Promotion: Identifying Target Audience Groups*

- Who might be interested in attending our event?
- How can they be reached?

■ *Promotion: Printed Materials*

- What should we keep in mind when preparing posters, flyers, ads, tickets and programs?

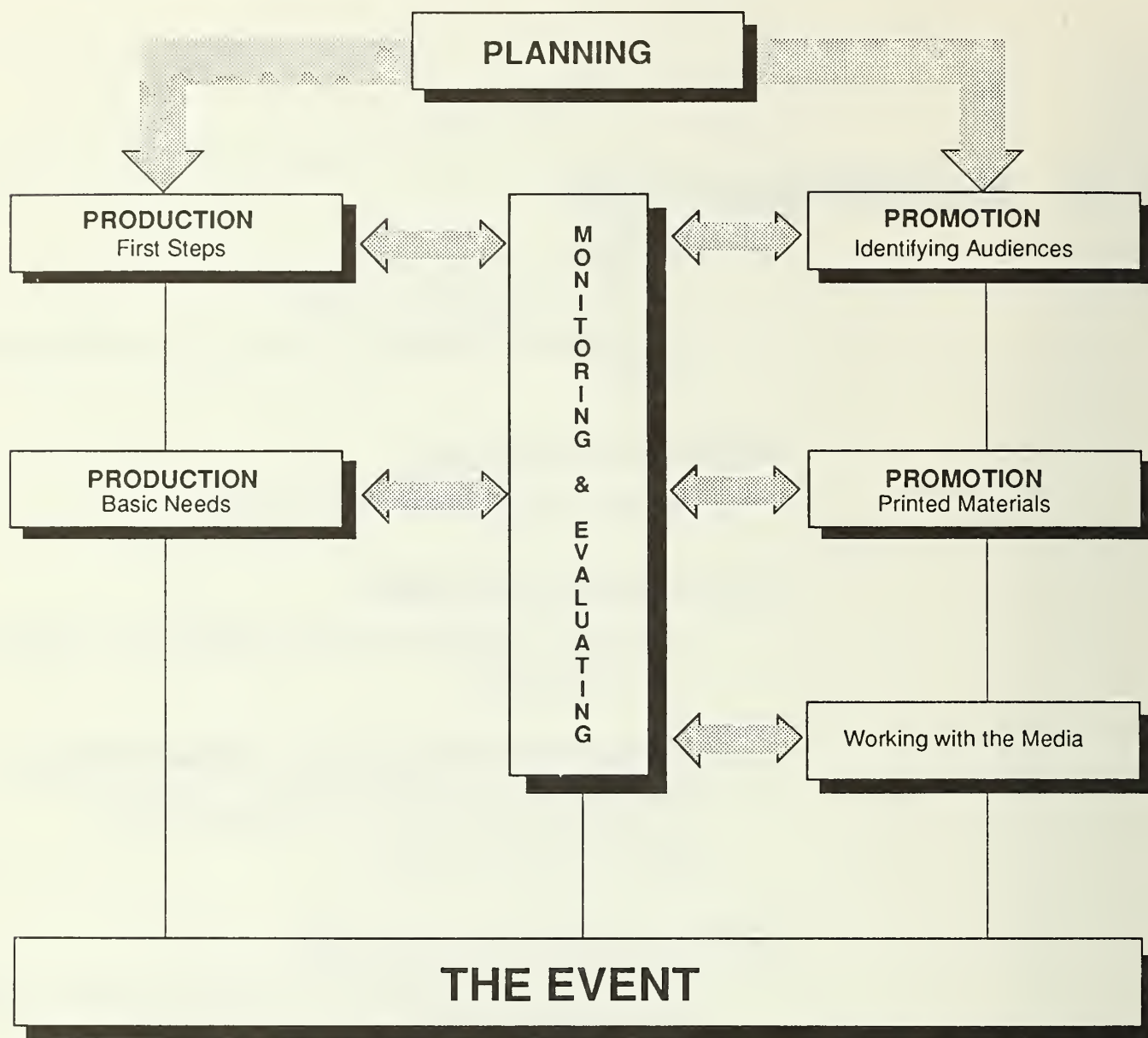
■ *Working with the Media*

- How do we go about getting publicity for our event?
- Should we buy advertisements?

■ *Monitoring and Evaluating*

- How do we ensure that we stay in line with our budget and timeline?
- Do we really need to document the outcomes of the event?

Organizing an Event



GRAPHIC DESIGN: San Francisco Study Center

The types of programming undertaken by arts groups in the Bay Area vary greatly. While generalization is hazardous, this section provides an overview of things to consider when planning a major event.

PLANNING

Many of the planning principles outlined in the first section can be applied to a single event.

Purpose and Goals. The organization should begin by identifying the primary purpose and goals for the event, such as raising a specific amount of money for a cause, generating publicity, or simply enriching the cultural community. The purpose and goals will strongly influence the approach that is taken to planning the event.

Leadership. The organization should then assign primary responsibility for the event to an individual chair or small planning committee. The person(s) in charge should be committed to the event's purpose and goals and should have the necessary experience and expertise to provide strong leadership.

Resource Planning. The planning committee should develop a list of the resources needed to put on the event and detailed estimates of the costs of obtaining these resources. Expenses should be differentiated as essential or optional, and in cases where costs are difficult to estimate, minimum and maximum figures should be established. Every attempt should be made to identify and access free or reduced fee services available to non-profit organizations in the community, and to develop and make optimal use of volunteer and staff resources. If the primary goal of the event is to raise a specific amount of money for a cause, this amount should also be included in the estimate of resources needed. The total should then be balanced against the resources that the organization can reasonably expect to generate. Refer to page 6 for more detail. The end result of the resource planning process should be a budget for the event.

Tasks and Timeline. The next step is to identify everything that needs to be accomplished prior to the event and develop a timeline for activity. Often, planning needs to begin a year in advance. The organization should not set a date for the event until a realistic timeline has been established, so that organizers can ensure that they have sufficient lead time to get everything done.

Staff and Volunteer Resources. Finally, specific assignments of responsibility for event planning and implementation should be made. It is important to get appropriate people to coordinate each aspect of the event, people who have knowledge and experience in a particular area (such as public relations) or who will take the time and effort to learn what is required.

Attention to planning will provide direction for organizers and help ensure that the event is a success.

PRODUCTION

There are numerous details involved in the production of an event. While it is impossible to cover them all here, following is a brief discussion of things to consider.

■ *First Steps*

Date and Location. These need to be determined six months to one year before the event.

- When setting a date, make sure that sufficient time has been allocated for event planning. Check community calendars to ensure that the desired date does not coincide with other major events that might adversely affect attendance.
- When selecting an outdoor location, contact whomever owns or controls the property to ask permission for its use. Be sure to get details regarding all conditions for using the site.
- For public property, permits will need to be obtained. Depending on the site, a permit must be requested from the Department of Parks and Recreation or the Department of Real Estate. The Police Department must be contacted if amplification equipment is going to be used or if any street closures are requested. Keep in mind that certain streets cannot be closed because they serve as major corridors for public transportation or emergency vehicles.
- If food is to be served at the event, contact the Department of Health, Bureau of Environmental Health Services to ensure compliance with health standards.
- Other requirements may involve obtaining liability insurance, hiring extra security on the day of the event, or providing waste receptacles and portable restrooms. Organizations should be fully aware of these requirements well ahead of time so that they can fully explore all options for fulfilling the necessary conditions and can add all supplemental costs into their event budgets.
- For indoor locations, be sure to inquire about the full cost of using the facility. The rental fee is only one portion of the cost; halls may also require that users carry liability insurance and pay certain personnel costs related to usage of the facility.

Artists will need to be booked months or even years in advance. When signing a contract, the organization should be aware of all its conditions and prepared to meet all the technical and personal requirements of the artist(s).

PRODUCTION (continued)

■ **Basic Production Needs**

Specific arrangements for equipment and staffing should be made several months before the event, to avoid last-minute scrambling for resources. While it is not possible to identify and discuss production needs in any detail, following are some general tips regarding three major areas of concern:

Technical Needs. Arrange to bring in people with expertise to handle the technical areas of event production—stage, sound, lights, etc. The organization cannot afford to encounter any problems with these aspects of the program or exhibit, and therefore should hire individuals with experience, an established reputation in the community, and access to good equipment. Networking and referral are key to finding the appropriate individuals, so talk to other arts organizations in the area.

Other Equipment Needs. Depending on the type of event and its location, other equipment needs may include such items as a moveable stage, exhibit booths, bleachers, tables and chairs, props and costumes. Again, the best way to identify the organization's options for obtaining use of necessary equipment is through networking with other arts groups. One resource for technical and other equipment needs is Support Services for the Arts, a non-profit group that provides assistance to arts organizations. See the back of this brochure for more information.

Day of Event Staffing. The organization needs to carefully map out everything that needs to be done in the days immediately before and during the event and make sure that it has sufficient volunteer and/or paid staff resources to cover all assignments. For example, people may be needed to set up and decorate, clean up, take tickets, serve as ushers, assist the stage manager, coordinate security, or to staff the box office, an information desk and a first aid station.

See Appendix E for sample checklists of production elements and event equipment/supplies developed by Edward Goehring of Special Events Services.

PROMOTING THE EVENT

Generating interest in the event is obviously crucial—one key measure of the event's success is the number of people who choose to participate. Attendance indicates to contributors that there is a receptive audience for the organization's programming, and in situations where an admissions fee is charged, ticket sales provide income necessary to cover event expenses.

The organization should take a systematic and professional approach to promoting the event, utilizing all the resources at its disposal. Whenever possible, assign this area of responsibility to someone who has experience with public relations and is familiar with the media in the community.

■ *Identifying Target Audience Groups*

First, determine who might be interested in attending the event, based on the type of programming being provided, the cause that the event supports, or the geographical radius from which the audience is likely to come.

For example, if the event is designed to appeal to the general public in the Bay Area, the appropriate strategy might be to reach as many people as possible, as frequently as possible, in order to pique their interest enough so that they will be motivated to attend the event.

Alternatively, if the event is likely to appeal to more specialized audiences, the organization should develop a strategy for identifying and contacting people most likely to be interested in attending. Discuss the following:

- What characterizes the type of person who would be interested in attending the event?
- What is the best approach for encouraging their interest?
- How can they be contacted? By direct mail? Through publicity in certain publications or on particular radio stations? Through distribution of posters and flyers in certain locations in the community?

This process will allow energies and financial resources to be focused on efforts that will benefit the organization the most.

PROMOTING THE EVENT (continued)

■ *Preparing and Distributing Printed Materials*

It is advisable to develop a single visual approach for all materials related to the event—from posters, flyers and advertisements to tickets and programs. The graphics should be prepared to visually capture the nature and “mood” of the event.

- Promotional materials such as posters, flyers and advertisements should be designed to catch people’s interest, provide basic facts, and motivate people to seek more information regarding the event. They should also provide a mechanism for them to respond, usually in the form of a telephone number.
- Tickets should be numbered and should also provide basic information regarding the event.
- Programs provide an opportunity for the organization to acknowledge those who support their activities through financial or volunteer support. Advertisements can also be sold to provide the organization with additional earned income.

Efforts to design these materials should begin at least three months prior to the event. Costs for preparation and printing can add up fast. The organization should explore the possibility of getting these services donated or paying a reduced price for graphic design work and copying in return for an acknowledgement of support in advertisements or programs for the event.

Use volunteers to distribute promotional materials in all appropriate places. Mailings to certain target audiences may also make sense, if the group has access to an appropriate list or has developed one over time.

■ *Working with the Media*

There are many opportunities for non-profit groups to take advantage of free publicity. However, it is crucial that the organization take a professional approach to its publicity efforts, which is why this responsibility should be given to someone who has contacts and experience with the media in the community. If an inexperienced person is in charge, he or she should do some basic reading regarding public relations and gather as much information as possible about the media in the community before making any contacts.

Identifying media contacts. The Community Affairs division of KNBR Radio has developed a media access chart with information regarding all television and radio stations in the area. Another excellent resource is a brochure on publicity sources published by Theatre Bay Area (TBA), the country’s largest regional theatre service organization, which is based in San Francisco. See the back of this brochure for information on how to receive copies of these publications. Lists of local newspapers and other relevant publications can be developed by referencing the yellow pages, visiting a local library, and talking with similar arts

PROMOTING THE EVENT (continued)

organizations in the community. Don't overlook smaller newspapers and specialty publications—they may provide a good opportunity for contact with a targeted audience.

Public Service Announcements (PSA's). Every radio and television station allots a certain amount of its air time to public service broadcasting. Many run community calendar segments or PSA's, brief announcements (10-60 seconds) about an event that are read on the air—often at low listening times. Keep in mind that stations have differing policies regarding the production and airing of PSA's. However, most of the time this source of publicity is virtually free to the organization, requiring only the costs of preparation, copying and mailing of the announcement to appropriate stations.

News Releases. Newspapers and magazines are another potential source of free publicity. A news release, prepared in standard format, should be sent to all relevant publications. Editors see dozens of these each week, so it is important that the release be well-written and carefully typed. The information may be included in the publication's weekly or monthly calendar of local events. Also, by following up the press release with a phone call to the appropriate editors and writers and providing them with additional materials regarding the event, the organization may be able to get additional coverage in a feature article. Key things to remember: develop some familiarity with the newspaper and the editor/writer before contacting them, be persistent if necessary, but always be polite and professional in your approach.

Paid Advertising. Advertising is expensive, and should be considered only after all free publicity opportunities have been explored. However, well-placed ads that appear in the weeks immediately before the event can prove invaluable to its success. Become familiar with circulation numbers and demographics for relevant publications, their advertising rates and their deadlines.

Timing Promotional Activity. For many events, the majority of people in a target audience will not make final plans to attend until the week immediately preceeding the event. Publicity should therefore be heaviest during this period. Organizations relying on ticket sales should set aside part of the advertising budget to cover last-minute needs and bolster ticket sales.

MONITORING AND EVALUATING

The planning committee needs to closely monitor activity to ensure that budget projections are on target and that important tasks are completed in a timely fashion, and should also conduct a post-event evaluation to compare what was planned with what actually occurred.

Financial Tracking and Control. Many of the financial management principles outlined in the second section (p. 6-10) can be applied to a single event. The organization should keep accurate and complete records for all money received and for all expenditures made. The timing and amount of major payments should be identified well in advance and steps taken to ensure that the necessary resources will be available to cover needs. Detailed weekly or monthly reports regarding budget activity should be generated in order to provide organizers with sufficient information to identify and take timely action on potential problems. For example, if costs are outpacing contributions, certain expenditures may need to be cut from the budget in order to make ends meet. Or if ticket sales are lagging, additional advertising expenditures may need to be made in order to boost attendance.

Post-event Evaluation. Once an event is over, organizers often are not inclined to spend much time assessing its relative success or failure. However, this is an important part of the process. Attendance figures should be established through ticket counts, headcounts, or (in the case of very large audiences) estimates provided by the police department or press. Any publicity generated by the event itself should be noted and, if possible, documented. Finally, reports detailing the financial results of the event should be prepared and analyzed. Documenting the outcomes of an event in an objective manner provides information necessary to:

- Meet demands for accountability from event contributors.
- Evaluate to what degree the event fulfilled its established purpose and goals.
- Improve future planning efforts.

APPENDICES

- *A: Budget to Actual Report*
- *B: Cash Flow Report*
- *C: Annual Statement of Activity*
- *D: Annual Balance Sheet*
- *E: Preparation for Financial Audit*
- *F: Production Elements*
- *G: Event Equipment and Supply*
- *H: Sample News Release*
- *I: For More Information*

SAMPLE FORMAT

■ MONTHLY OR QUARTERLY BUDGET TO ACTUAL REPORT

	(1) Actual Current Period	(2) Actual FY to Date	(3) Approved Budget for FY	(3) - (2) Remaining Budget or Variance*
INCOME				
<i>Earned</i>				
Admissions/Ticket Sales				
Fundraising Events				
Concessions/Rentals				
Fees/Commissions				
Interest Income				
Total Earned	_____	_____	_____	_____
<i>Contributed</i>				
Individuals				
Government				
Foundations				
Corporations				
Total Contributed	_____	_____	_____	_____
<i>Total Income</i>	_____	_____	_____	_____
EXPENSES				
<i>Personnel</i>				
Administrative Salaries				
Artistic Salaries/Fees				
Employee Benefits				
Total Personnel	_____	_____	_____	_____
<i>Office</i>				
Rent				
Telephone/Utilities				
Office Supplies/Equipment				
Total Office	_____	_____	_____	_____
<i>Administrative and Program</i>				
Accounting/Legal				
Fundraising				
Marketing/Advertising				
Production				
Other				
Total Admin. and Program	_____	_____	_____	_____
<i>Total Expenses</i>	_____	_____	_____	_____
<i>Surplus/Deficit</i>	_____	_____	_____	_____

*Variances indicate line items where actual amounts are greater than budgeted amounts.

SAMPLE FORMAT

■ MONTHLY OR QUARTERLY CASH FLOW REPORT

	First Period	Second Period	Third Period	Fourth Period
OPENING CASH BALANCE*	_____	_____	_____	_____
RECEIPTS				
Admissions/Ticket Sales				
Fundraising Events				
Concessions/Rentals				
Fees/Commissions				
Interest Income				
Individual Donors				
Government Grants				
Foundations				
Corporations				
Total Receipts (Cash In)	_____	_____	_____	_____
EXPENSES				
Administrative Salaries				
Artistic Salaries/Fees				
Employee Benefits				
Rent				
Telephone/Utilities				
Office Supplies/Equipment				
Accounting/Legal				
Fundraising				
Marketing/Advertising				
Production				
Capital Purchases				
Loan/Debt Repayment				
Total Disbursements (Cash Out)	_____	_____	_____	_____
CLOSING CASH BALANCE	_____	_____	_____	_____
(Opening Balance + Receipts - Disbursements)				

*Opening Balance = Closing Balance from Previous Period

SAMPLE FORMAT

■ ANNUAL STATEMENT OF ACTIVITY

	Total Actual FY just ended	Total Actual Previous FY
INCOME		
<i>Earned</i>		
Admissions/Ticket Sales		
Fundraising Events		
Concessions/Rentals		
Fees/Commissions		
Interest Income		
Total Earned	_____	_____
<i>Contributed</i>		
Individuals		
Government		
Foundations		
Corporations		
Total Contributed	_____	_____
<i>Total Income</i>	_____	_____
EXPENSES		
<i>Personnel</i>		
Administrative Salaries		
Artistic Salaries/Fees		
Employee Benefits		
Total Personnel	_____	_____
<i>Office</i>		
Rent		
Telephone/Utilities		
Office Supplies/Equipment		
Total Office	_____	_____
<i>Administrative and Program</i>		
Accounting/Legal		
Fundraising		
Marketing/Advertising		
Production		
Other		
Total Admin. and Program	_____	_____
<i>Total Expenses</i>	_____	_____
<i>Surplus/Deficit</i>	_____	_____

SAMPLE FORMAT

■ ANNUAL BALANCE SHEET

	Total Current FY	Total Previous FY
ASSETS		
<i>Current Assets</i>		
Cash		
Investments		
Accounts Receivable		
Prepaid Expenses		
Other		
Total Current Assets	_____	_____
<i>Fixed Assets, net of Depreciation (i.e. Buildings and Equipment)</i>	_____	_____
<i>Total Assets (A)</i>	_____	_____
LIABILITIES AND FUND BALANCES		
<i>Current Liabilities</i>		
Accounts Payable		
Deferred Revenue		
Other		
Current Liabilities	_____	_____
<i>Long-term Liabilities (i.e. loans)</i>	_____	_____
<i>Total Liabilities (B)</i>	_____	_____
<i>Fund Balance (C)=(A-B)</i>	_____	_____
<i>Total Liabilities and Fund Balance (B+C)</i>	_____	_____
ASSETS (A) = LIABILITIES (B) + FUND BALANCE (C)		

■ PREPARATION FOR FINANCIAL AUDIT

An audit is not a situation to be feared, but is one, with proper financial controls in place, that can yield important information about your organization. The auditor will want to see that there have been consistent and proper internal accounting controls. Key financial and organizational documents should be ready for inspection, with appropriate supporting documentation available. Key documents include the financial statements, budgets, organizational chart, and the Chart of Accounts (a listing of expenditure and revenue items by category, usually set up by the bookkeeper/accountant). Supporting documentation would include: Board minutes, invoices, receipts, logs or registers, timesheets, etc.

Some particular areas that the auditor will probably want to review include:

■ Expenses

- Has the budget been approved by the Board? (Board minutes are used to verify this.)
- What are the controls over all disbursements? Are there adequate procedures for all disbursements to be properly authorized (it should be clear who is responsible for payments and all financial recordkeeping)?
- All expenses should be supported by appropriate documentation. This could include invoices, receipts or justifications. These documents should be filed in an organized manner.
- Controls for tracking of funds for payment of taxes (payroll, sales)?
- For personnel costs — are all payroll costs for authorized employees that met working hours and conditions documented as such?
- What is the check authorization process? Who is authorized to sign checks? Are two signatures required on checks over a certain amount (e.g., \$500, \$1,000, \$2,500). It is customary for some organizations to have a Board-adopted policy on this matter.
- Have comparisons been made between actual expenditures and budget estimates on a regular basis? (See Appendix A, Monthly or Quarterly Budget to Actual Report.)
- Does the Board approve monthly or quarterly financial statements?

Financial Audit (continued)

■ Revenues

- Are there adequate controls over revenue to ensure that moneys are properly deposited in full?
- Have comparisons been made between actual revenues and projected estimates on a regular basis? (See Appendix A.)
- What controls are there for accountability of admissions (e.g., used and unused tickets)?
- How are memberships and other cash sales accounted for?
- What are the controls over third-party reimbursements (i.e., services provided to others by an organization, the cost of which is reimbursed by a third party)?
- What controls and checks are in place over inventory and equipment?

■ Grants/Contributions

- What controls have been set up concerning restricted contributions, and tracking expenditures relating to same?
- For cash contributions, what are the tracking mechanisms for:
 - mail receipts?
 - direct contact solicitations?
 - donor-restricted gifts?
- Have comparisons been made between actual amount received and budget estimates? (See Appendix A).
- Are donor names published (in programs, booklets, etc.)?
- What forms of tracking have been set up for a testing of contributions and grants? (Should include as many of the following list as possible.)
 - Letters to contributors
 - Notification from grantors (pledge cards, correspondence, supporting gifts, grant letters)
 - Comparing recorded receipts with contributions listed in published programs, booklets, etc.
 - Minutes of Board meeting announcing grant contributions received

Financial Audit (continued)

■ *Donated or Contributed Services*

- Have they been properly valued?
- Is there a policy statement defining types of services accepted as donations or contributions?
- Are there forms (timesheets, etc.) to record and accumulate data?
- For gifts of Securities, Materials, Facilities & Other Non-Monetary Items:

Are they recorded at a fair market value?

If not, how reasonable is the determination?

What controls are there over these gifts:

- Physical inspection of donated items received?
- Review and approval by Board of methods used for determining value?
- Listing of donor name, type of donation, gross value, amount paid in cash (in case of discount purchase) and net contribution?
- Obtaining reasonable assurances that values placed on donated items are comparable to prices paid for similar items.

SAMPLE CHECKLIST

■ PRODUCTION ELEMENTS

Suggested columns for checklist

*Name of Item**Person Assigned, Date Assigned**Review Date, Date Due**Priority**Budget Amount**Comments*

Dictionary of Production Elements

Accommodations, staff	Dressing rooms	Mailing list
Accommodations, Talent	Dumpsters, trash cans	Mailing, postage
Accounting	Electrician	Maps/floorplans
Admissions crew	Emergencies	Medical
All crew meeting	Equipment Manager	Merchandise design
Art Director	Equipment checkout/in	Merchandise marketing
Attorney	Equipment inventory	Merchandise mfg.
Audience services	Equipment rentals	Money security
Backstage area	Equipment, misc.	Office operations
Bank drops, night deposit	Event Director	Office rental
Barricades, stanchions	Exhibits	Office supplies
Bartenders	Facility liaison	Operations Coordinator
Bonds, surety, perf. etc.	Facility rental	Pagers, cellular phones
Booths, tents	Facility staff	Parking, audience
Box office	Facility, reserving	Parking, participant
Budget	Fire Department	Passes
Business Manager	Fire prevention	Payroll
Cash collections	Flyers	Performer Liaison
Cashiers, change banks	Forklift	Perimeter
Catering	Furniture rentals	Permits, licenses
Child care	Gates/doors	Petty cash
Cleanup	Generator	Phones, long distance
Coat/bag check	Guest list	Phones, on site
Communications	Hall/Site Manager	Piano tuner
Community involvement	Handicapped access	Police
Computer operators	Hospitality	Portable toilets
Computer time & supplies	Information booth	Posters
Concession stands	Insurance	Pre-production planning
Construction	Intercoms	Press Liaison
Contingency funds	Lead time	Press desk
Contingency planning	Liaison w/gov't agencies	Press passes
Contractors	Light show, lasers, etc.	Press, onsite press kits
Contracts/agreements	Lighting	Printing
Copying	Lighting Director	Producer
Decoration	Liquor license	Production Manager
Deposits, security, etc.	Loan-in/out	Programs, printed
Documentation, archives	Lost children	Promotion, direct mail
Documentation, photo	Los/found items	Promotion, local
Documentation, video	MC	Promotion, newspaper ads

SAMPLE CHECKLIST

■ **PRODUCTION ELEMENTS** (continued)

Dictionary of Production Elements

Promotion, radio ads	Talent pass list
Promotion, readerboard	Taxes
Public Address, bullhorns	Technical Director
Publicist	Ticket-sellers & -takers
Radio check	Tickets
Receptionist	Tickets, complimentary
Recycling	Timeline planning
Registration, participant	Tools & equipment
Rehearsal space	Traffic control
Rental vehicles	Traffic routing
Repairs, emergency	Traffic signs
Sales booth/table	Transportation, ground
Sanitation	Travel
Scheduling	Troubleshooters
Secretarial	Typesetting
Security	Unauthorized participants
Security Chief	Ushers
Security, VIP	Utilities
Security, armed guards	Vehicle list
Security, backstage	Vendors
Security, peer group	Video projection
Security, stage	Volunteer Coordinator
Set design	Volunteers
Sign shop	Walkie-talkie chargers
Signage	Walkie-talkies
Sound check	Work orders
Sound system	Wrap party
Soundboard, location of	
Soundmean	
Special effects	
Staff	
Staff ID	
Staff Meetings	
Stage Manager	
Stage Manager, Assistant	
Stagehands	
Staging, scaffolding	
Storage	
Syndication	
T-shirts	
Table of organization	
Talent	
Talent booking	

Source: Edward Goehring, Special Events Services
 San Francisco, CA (415) 826-8155

SAMPLE CHECKLIST

■ EVENT EQUIPMENT AND SUPPLIES

Suggested columns for checklist

*Name of Item**Number Requested, Unit of Measure**Source of Item**Priority**Assigned Location for Delivery or Usage**Originator of Request**Cost**Comments*

Dictionary of Event Equipment and Supplies

Armbands/scarves	Computer	Hats, scarves
Awards	Computer printer	Hospitality supplies
Bags, plastic	Computer supplies	Ice
Bank bags	Concession stands	Information packets, staff
Banners	Construction equipment	Information booth
Barricade tape	Construction supplies	Insurance policy, copy of
Barricades, stanchions	Construction tools	Intercoms, line
Bartenders' supplies	Contracts/agreements	Intercoms, wireless
Batteries, 9-volt	Coolers	Light show, lasers, etc.
Batteries, AA-cell	Copier	Lighting, stage
Batteries, C-cell	Decorations	Lighting, work
Batteries, D-cell	Dressing rooms, portable	Liquor license, copy of
Batteries, walkie-talkie	Dumpsters	Load-in/out lists
Battery tester	Electrical supplies	Lost/found items box, list
Beverages	Electrician's tools	Mailing list blanks
Booths	Equipment inventory	Mailing list clipboards
Box office, portable	Erasers	Maps/floorplans
Boxes	Exhibits	Masking tape
Bulletin board	Felt pens	Medical kits
Bullhorns	Fencing	Merchandise inventory
Calculators	Fire extinguishers	Message pads
Card tables	Floorplans	Name tags
Cash boxes	Food	Notebooks
Cash register, change	Forklift	Nylon rope
Catering supplies	Furniture	Office supplies
Chairs	Gaffer's tape	Pagers
Change banks	Garbage bags	Paper
Child care supplies	Gates/turnstiles, portable	Passes, all access
Cleanup	Generator	Passes, backstage
Clipboards	Gloves, plastic	Passes, hospitality
Clipboards w/pens attached	Gloves, work	Passes, press
Coat/bag check supplies	Guest list	Payroll ledger
Coat hangers	Guest passes	Pencil sharpeners, plastic
Collection buckets	Hand stamp, ink pad, ink	Pencils
Communications equipment	Hand trucks	Pennant tape
Communications supplies	Handicapped access ramps	Pens

SAMPLE CHECKLIST

■ **EVENT EQUIPMENT AND SUPPLIES** (continued)

Dictionary of Event Equipment and Supplies

Performer Liaison list	Supply list
Perimeter supplies	T-shirts
Permits, licenses, copies of	Table of organization
Petty cash	Tables
Phones, cellular	Tacks
Phones, onsite	Talent pass list
Plates, napkins, utensils, etc.	Tape
Platform	Tents
Podium	Tickets
Police scanner	Tickets, complimentary
Portable toilets	Traffic cones
Press desk	Traffic control equipment
Press kits	Traffic signs
Programs, printed	Traffic vests
Public Address, bullhorns	Trash bags
Rakes	Trash cans
Ramps	Vehicle list
Recycling supplies	Vehicles
Registration supplies	Vendors list
Repairs kit	Video projection
Reserved ticket list	Video recording equipment
Ribbon	Voltage tester
Risers	Volunteer ID
Safety pins	Volunteers list
Sales booth/table	Walkie-talkie chargers
Sanitation equipment	Walkie-talkie earphones
Schedules	Walkie-talkie speaker/mics
Scissors	Walkie-talkies
Scotch tape	Water jugs
Security equipment	Whistles
Set supplies	Whiteboard
Sign supplies	Wide felt pens
Signage list	Wire ties for barricades
Signboard	Work orders
Sound system	Wrap party guest list
Space blankets	
Staff ID	
Staff info handout/maps	
Staging, scaffolding	
Stapleguns	
Staplers	
Storage	

Source: Edward Goehring, Special Events Services
San Francisco, CA (415) 826-8155

SAMPLE FORMAT

■ NEWS RELEASE

FOR IMMEDIATE RELEASE

Date

Contact: (name/phone of publicity person)

Event Title

Brief description of event, including identification of sponsoring group and any organization or issue that the event supports

Day of week and Date of Event

Time of Event

Place of Event

Ticket Price (if applicable)

Additional background information regarding the event, presented in paragraph form to read like an article

Details for people interested in attending the event (phone number for more information, address of event)

■ FOR MORE INFORMATION. . .

Government Grants

Grants for the Arts
City Hall, Room 289
San Francisco, CA 94102
(415) 554-6710

California Arts Council
1901 Broadway, Suite A
Sacramento, CA 95818-2492
(916) 445-1530

National Endowment for the Arts
1100 Pennsylvania Avenue, N.W.
Washington, D.C. 20506
(202) 682-5400

Foundations and Corporate Philanthropy

The Foundation Center
312 Sutter
San Francisco, CA 94108
(415) 397-0902

Legal Information and Referral

California Lawyers for the Arts
Fort Mason, Building C
San Francisco, CA 94123
(415) 775-7200

Recommended Legal Reading:

The California Non-Profit Corporation Handbook
by Attorney Anthony Mancuso
Nolo Press, Berkeley CA, Fourth Edition, 1988

Management Consulting

Business Volunteers for the Arts
San Francisco Chamber of Commerce
San Francisco, CA 94104
(415) 392-5908

■ FOR MORE INFORMATION...(continued)

Recommended Reading: Financial Management

Financial Management Strategies for Arts Organizations
by F. J. Turk and R. P. Gallo of Peat, Marwick, Mitchell & Co.
American Council for the Arts Books, New York NY, 1984

Short-term Loan Assistance

Arts Loan Fund
116 New Montgomery, Suite 742
San Francisco, CA 94105
(415) 777-5761

City Property Use Permits

Parks and Recreation558-3645
Real Estate (Hallidie Plaza only)558-3591
Police Permits553-1115
Environmental Health Services554-2770

Media Contacts

Media Access Chart for Bay Area TV & Radio Stations
KNBR Community Affairs
1700 Montgomery
San Francisco, CA 94111
(415) 951-7072

Sources of Publicity
Theatre Bay Area
2940 16th Street
San Francisco, CA 94103
(415) 621-0427

Recommended Reading: Concert Production Guidelines

Concert Production: A Practical Guide
Redwood Records Cultural and Educational Fund
6400 Hollis Street, Suite #8
Emeryville, CA 94608
428-9191

Production Needs

Support Services for the Arts
934 Brannan
San Francisco, CA 94103
Technical Assistance(415) 863-1414
Graphics(415) 552-1770
Costume Bank(415) 921-8722



